



CITY PROFILE

The fundamental mission of the City is to provide an environment to protect the health, safety and well being of all who live and work in the community. In directing policies and programs toward that end, the City assumes a stewardship role to preserve the assets and natural resources entrusted to its growth, to assure equality of opportunity and to contribute to the quality of life for all citizens.

CORE VALUES

Core values are traits that guide our daily decisions.

INTEGRITY

Our actions are undertaken with integrity, honesty, and fairness, and reflect the highest ethical standards as we interact with our customers and co-workers. We are committed to maintaining the highest level of trustworthiness in our decisions and interactions.

RESPECT

We respect ourselves, our colleagues and those we serve. We are considerate of the need to balance home and work obligations. We strive to maintain the highest degree of dignity and consideration, embracing cultural and ethnic diversity.

INCLUSION

Believing in equality, we value the contributions of all members of this organization. We engage in open and respectful communication. We leverage multiple perspectives, experiences and capabilities to achieve our objectives.

STEWARDSHIP

We exercise discipline, dedication and commitment and accept accountability as stewards of the community's resources.

EXCELLENCE

We strive for excellence in everything we do including service to our customers and the performance of our duties.

STRATEGIC PRIORITIES

ECONOMIC DEVELOPMENT & EDUCATION DEVELOPMENT

Seek to improve on the City's image and marketability, provide for recruitment and expansion of business and industries, develop the workforce, improve the business climate, increase tourism and visitors, and assist entrepreneurs and small businesses.

QUALITY OF LIFE

Focus on creating and supporting an environment in Wichita where residents and visitors can live, work, play, grow and prosper in safe, comfortable and aesthetically pleasing surroundings, where everyone is treated with respect.

INFRASTRUCTURE

Focus on improving urban and regional development, downtown development, transportation, neighborhoods, water, sewer, and other utilities, housing, the environment/natural resources, and public facilities.

GOVERNMENT

Focus on creating effective communications between elected officials and residents, as well as ensuring a government that is effective, efficient, fiscally responsible, accountable, collaborative, responsive, customer friendly and accessible while increasing productivity. Also emphasize the encouragement of residents and organizations to become more knowledgeable and involved in government.





STRATEGIC AGENDA BUDGET INDEX

Relationship with Strategic Agenda's Broad Priorities

Alphabetical Program Budget Index

The following matrix provides a summary of each program's relationship to the City's Strategic Agenda's Broad Priorities (also referred to as Strategic Goals). The column on the right-hand side of the matrix indicates the specific page cross reference in this Volume 1 where the program information begins.

| | Priority I | Priority II | Priority III | Priority IV | |
|-------------------------------|----------------------------------|-----------------|----------------|-------------|----------------------|
| | Economic & Education Development | Quality of Life | Infrastructure | Government | Volume 1 Page # Ref. |
| Department | | | | | |
| City Council | X | X | X | X | 35 |
| City Manager | X | X | X | X | 39 |
| Marketing | X | | | | 39 |
| Intergovernmental Relations | X | | | X | 39 |
| Neighborhood Services | X | | | | 39 |
| Property Management | X | | X | | 39 |
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| Economic Development | X | | | | 39 |
| Finance | X | X | X | X | 43 |
| Budget | | | | X | 43 |
| Controller | | | | X | 43 |
| Purchasing | X | | | X | 43 |
| Law | X | X | | X | 49 |
| Municipal Court | | X | | | 53 |
| IT/IS | X | X | X | X | 57 |
| Fire | | X | | X | 63 |
| Police | | X | | X | 67 |
| Housing & Community Services | X | X | X | | 73 |
| Library | | X | | | 77 |
| Art Museum | | X | | | 83 |
| Public Works | X | X | X | X | 87 |
| Engineering | | | X | | 87 |
| Environmental Services | | X | X | | 99 |
| Planning | X | X | X | | 105 |
| Transit | X | | | | 109 |
| Park & Recreation | X | X | X | | 113 |
| Golf | | X | | | 135 |
| Water & Sewer | X | X | X | | 121 |
| Airport | X | | X | | 129 |
| Office of Central Inspection | X | X | X | | 145 |
| Human Resources | | | | X | 149 |



ENVIRONMENTAL SCAN

LOCATION

Wichita, the largest city in Kansas, population 350,584¹ is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-35, link the city with a large trade area that encompasses a population of more than 1 million² people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

HISTORICAL BACKGROUND

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the city's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The city's early growth paralleled the expanding agricultural productivity of the Central Plains States and by 1900 the city was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the city numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important factor in the community.

GOVERNMENT

In 1918, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commissioner" was changed to "City Council" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the city into six districts based on the 1990 census. The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Council and Mayor conduct all legislative functions for the City of Wichita and establish general policies, which are executed by the City Manager.

POPULATION CHARACTERISTICS*

This report on Population Characteristics was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2006-2007 Annual Budget.

| 2004 Population Estimates | |
|-------------------------------------|-----------|
| Wichita city ¹ | 350,584 |
| Wichita MSA ¹ | 588,401 |
| Within 100-mile radius ² | 1,006,976 |

GROWTH

Wichita's population growth has been steady for the past two decades. The majority of recent growth has occurred along the far west/northwest and east/northeast peripheries of the city, and into the unincorporated portions of the county.

| Population Trends | | | | |
|--|-----------------------|----------------|----------------|----------------|
| Year | Wichita City (000's)* | Percent Change | Sed Co (000's) | Percent Change |
| 1950 | 168.3 | | 222.3 | |
| 1960 | 254.7 | 51.3% | 343.2 | 54.4% |
| 1970 | 276.6 | 8.6% | 350.7 | 2.2% |
| 1980 | 279.3 | 1.0% | 367.1 | 4.7% |
| 1990 | 304.0 | 8.8% | 403.7 | 10.0% |
| 2000 | 344.3 | 13.3% | 452.9 | 12.2% |
| *Source: U.S. Bureau of the Census, <i>Population of the 100 Largest Cities and Other Urban Places in the United States: 1790 to 1990</i> , Working Population Paper No. 27. Census 2000 | | | | |

As of May 2005, the city's total land area was approximately 154.7 square miles. The majority of annexation over the past couple of years has been in response to a need for improved utility service in the annexed areas, especially water service.

¹Source: Claritas 2004 population estimate. The Wichita MSA is comprised of Butler, Harvey, Sedgwick and Sumner counties.

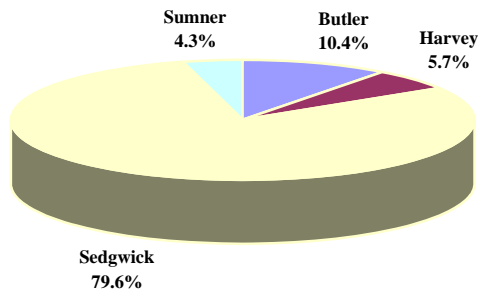
²Source: Claritas 2004 population estimates and mapping. Population represents only the Kansas portion of the 100-mile radius, not the Oklahoma portion.



GEOGRAPHIC DISTRIBUTION

The metropolitan statistical area (MSA) includes Butler, Harvey, Sedgwick and Sumner counties. Sedgwick County represents the largest portion of the area's population with an estimated 468,216 residents in 2004.

**POPULATION DISTRIBUTION,
2004 WICHITA MSA**



Source: Claritas 2004 Population Estimates

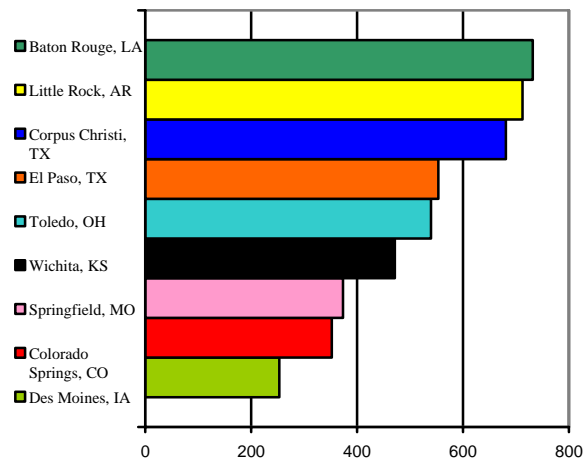
The city's population density has decreased by 51 percent in the past few decades. Today there are approximately 2,266 persons per square mile in Wichita compared to 4,625 per square mile in 1960 when growth within the city limits peaked. The trend of perimeter growth and the associated increase in demand for local government services is expected to continue for Wichita.

PUBLIC SAFETY

National FBI statistics for 2003 show Wichita's violent crime rate to be lower than many midwestern cities of comparable size, including Little Rock and Corpus Christi. The Wichita metropolitan area's violent crime rate in 2003 was 471 offenses per 100,000 population, significantly lower than the 2002 rate of 523 offenses per 100,000 population.

The Wichita Police Department continues to demonstrate its commitment to crime prevention in the community by adding programs such as CPTED, Crime Prevention Through Environmental Design, which advises building and landscape designers on ways to create security conscious buildings without sacrificing visual appeal. It has added a newsletter on its web site, with information about department activities. The department offers a wide range of services through its Web site, including crime prevention, identity theft and homeland security information, as well as sign-up for seminars on safety for seniors, children and the workplace. It also supports programs such as Neighborhood Watch and the Gang Tattoo Removal Program.

2003 Violent Crime Rates Per 100,000 Population*



*Includes murder, rape, robbery and aggravated assault. Source: FBI "Crime in the United States." Compiled by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

COMPOSITION

The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among Asian/Pacific Islanders and persons of Hispanic origin.

**Population by Race/Ethnic Origin, 2004
(percent of total)**

| | U.S. | Wichita City |
|-------------------|-------|--------------|
| Hispanic Origin* | 14.1% | 11.5% |
| Not Hispanic | | |
| White | 73.8% | 72.6% |
| Black/African Am. | 12.4% | 11.8% |
| American Indian | 0.9% | 1.1% |
| Asian | 4.0% | 4.6% |
| Other** | 8.9% | 10.0% |

*May be of any race, consequently percentages will add to more than 100 percent.

**Includes other races and persons identifying themselves as multi-racial.

Source: Claritas 2004 population estimates.



EDUCATION

Wichitans place great importance on education. In 2000, 84 percent of Wichita's citizens aged 25 years and older had at least a high school diploma, compared to 80 percent in the nation overall.

The City of Wichita is served by eight unified school districts. The Wichita Public Schools (USD 259) is the largest in the city. Slightly more than 51,000 students were enrolled in fall 2004.

In addition to the public school districts, there are dozens of private and parochial schools serving preschool through high school students, as well as those needing special education. Fourteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University, Newman University, and the Wichita Area Technical College.

HEALTH CARE

Wichita is a first-class regional medical center with 13 acute care and freestanding specialty hospitals providing the community with more than 2,900 licensed beds. In addition to these major treatment facilities, there are approximately 40 nursing homes and assisted living facilities. Wichita is also home to the Center for Improvement of Human Functioning, an international bio-medical research and educational organization specializing in nutritional medicine and preventive care.

TRANSPORTATION

Wichita Mid-Continent Airport, the largest airport in Kansas, is a combination commercial air carrier and general aviation complex, providing accommodations for all aircraft. Passenger service is offered through the following airlines: AirTran Airways, Allegiant Air, America West Express (operated by Mesa), American (operated by American, American Eagle, and Chautauqua), Continental Express (operated by ExpressJet), Delta (operated by Atlantic Southeast and Comair), Northwest (operated by Mesaba and Pinnacle), United (operated by Air Wisconsin d/b/a United Express, SkyWest d/b/a United Express, and United). Cargo service is provided by four major carriers, DHL, Federal Express, Menlo Worldwide Forwarding, and UPS.

Air passengers at Mid-Continent numbered 1.5 million in 2004 (inbound and outbound). Airfreight shipments totaled 74.7 million pounds in 2004 (inbound and outbound).

CULTURE AND LEISURE

Recreational opportunities abound in Wichita. The city's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes. Inside the city there are 107 municipal parks, covering 4,200 acres.³ At least 160,000 trees are planted in Wichita's public grounds. Cultural activities include art, natural and historical museums, theater, the Mid-America All-Indian Center, the Wichita Symphony, the

³ Source: City of Wichita Park and Recreation Administration.

Wichita Mid-Continent Airport Activity
Air Freight Shipments (pounds)

| Year | Inbound | Outbound |
|------|------------|------------|
| 1997 | 39,148,000 | 38,324,000 |
| 1998 | 37,040,000 | 36,252,000 |
| 1999 | 27,874,000 | 26,110,000 |
| 2000 | 28,884,000 | 22,032,000 |
| 2001 | 26,368,000 | 23,468,000 |
| 2002 | 35,804,000 | 33,684,000 |
| 2003 | 34,784,000 | 32,540,000 |
| 2004 | 40,134,000 | 34,518,000 |

Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Wichita Mid-Continent Airport Activity
Air Passengers

| Year | Inbound | Outbound |
|------|---------|----------|
| 1997 | 710,017 | 704,317 |
| 1998 | 666,442 | 666,506 |
| 1999 | 626,951 | 621,378 |
| 2000 | 617,634 | 609,449 |
| 2001 | 565,498 | 563,883 |
| 2002 | 666,437 | 670,833 |
| 2003 | 712,020 | 717,741 |
| 2004 | 749,333 | 749,416 |

Source: Wichita Airport Authority. Compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

Metropolitan Ballet, an observatory, a botanical garden, and a natural setting zoo. Demonstrating potential strength for tourism in Wichita, Exploration Place, the \$62 million science center and museum, opened in 2000. The Wichita Art Museum reopened in June 2003, after a two-year, \$10.5 million expansion and renovation. During the first six months after reopening, the museum had 40,000 visitors and increased its membership by 300.



Special ethnic, sports, and holiday events take place year-round, culminating in the area-wide nine-day River Festival in May. Beginning as a city-financed centennial celebration in 1970, the River



The River Festival attracts more than 300,000 people each year, with an annual total economic impact of around \$21 million.

Festival has grown steadily. In 1996, it was named one of the top 100 tourist attractions in North America. The total economic impact of the river festival in 2005 is estimated to be about \$21 million.⁴

Minor league baseball, professional hockey and indoor football are examples of other major attractions in the Wichita area. The twin-sheet ice skating arena, Ice Sports Wichita, is available for additional sporting events. Wichita has five City-owned golf courses, four other golf courses for public play and four membership-only private courses.



Century II Convention Hall

Century II is the convention headquarters in downtown. The Kansas Coliseum, just north of the city, is a multi-purpose facility that hosts a variety of events from concerts to livestock shows. In November, the citizens of Sedgwick County approved a

one-cent sales tax increase to fund the construction of a new downtown regional events center.

The \$30 million Hyatt Regency hotel in downtown Wichita has added to the large selection of hotels in the city. Valor Lodging has signed a contract to buy the former Printing Inc. building in Old Town and to convert it into a Courtyard by Marriott by summer of 2006. Wichita is the leading convention and tourism center in Kansas.

ECONOMIC DEVELOPMENT

Wichita offers an excellent business environment, with incentives that include property tax abatements (up to 10 years-100%), industrial revenue bonds (IRBs), Enterprise Zones, job training funds and venture capital.

Under the state constitution, Kansas is a right-to-work state. No labor unions may attempt to collect "service fees" from workers who choose not to join the union. Only 8.4 percent of the Wichita MSA's

private work force is unionized compared to 11.2 percent of the national private sector. Outside the aircraft plants only 4 percent of the Wichita MSA's private workforce is unionized.⁵

Downtown Wichita serves as the region's entertainment, artistic, cultural and government center. It has 3.9 million square feet of office space, nearly 50 percent of all office space in Sedgwick County.

In November 2004, county voters approved a project to build a 15,000-seat arena in the center of the city. Ground will be broken for the project in mid-2005 and the arena is expected to open in late 2008. The \$138 million Wichita WaterWalk project is also progressing downtown with Gander Mountain, a specialty sporting goods store, set to open in September 2005. The business will serve as the retail anchor for the project that also includes new office and residential space.



The \$138 million WaterWalk project is a public/private partnership, a mixed use development incorporating retail, office, entertainment, and residential in the core of the City..



⁴ Source: Wichita Business Journal, May 16, 2005.

⁵ Source: Wichita Area Chamber of Commerce. Estimates are for year-end 1994.



Among the riverfront and core-area public and private development projects under construction or completed since 1994 are:

- Hotel at Old Town
- Wichita Boat House
- Old Town Redevelopment
- Renovation of the historic Eaton Hotel
- State Office Building
- Wichita Ice Sports Center
- Exploration Place, Science Center/Children's Museum Complex
- Hyatt Convention Center Hotel
- East Bank River Walk
- WaterWalk Development
- Maple Lewis Street Bridge Replacement
- McLean Boulevard Realignment
- Douglas Avenue Upgrading
- Development of pocket parks
- Old Town Square/Movie Theater
- Two-way Main Street
- Public Art Program
- Innes Station (apartments)
- Lawrence-Dumont Stadium renovation
- Douglas Street Façade Renovation Program
- Garvey Center Apartments
- The Harvester Apartments
- Renovation of the Orpheum Theatre

COST OF LIVING

Even with all of these amenities, Wichita still maintains a moderate cost-of-living rate of 94.1, a little below average among 294 urban areas in the United States.⁶ As of first quarter 2005, the median sales price of existing single-family homes in the Wichita MSA was \$105,100 compared to the national median price of \$188,800, according to the National Association of Realtors. As of first quarter 2005, the average sale price of a newly built single-family home in the Wichita metro area was \$248,834, substantially below the national average price of \$278,186.⁷

ECONOMIC CHARACTERISTICS

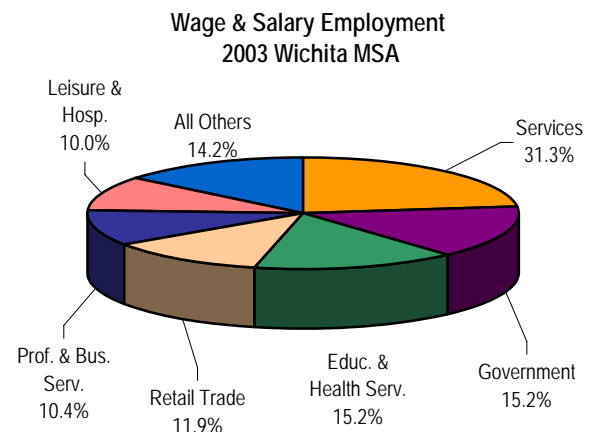
This report on Economic Characteristics was prepared by the Center for Economic Development and Business Research (CEDBR) at the request of the Department of Finance specifically for inclusion and use in the 2005-2010 Financial Plan in May 2005. For updated information refer to the CEDBR site (<http://www.wichita.edu/cedbr>) on the World Wide Web.

EMPLOYMENT

Wichita's employment includes a broad mix of business types, with a sizable base of relatively high paying manufacturing jobs. A list of Wichita's major private employers includes The Boeing Co., Cessna Aircraft Co., Raytheon Aircraft Co., Via Christi Regional Medical Center, Bombardier Aerospace Learjet, Dillon Stores, Koch Industries Inc., Wesley Medical Center, AGCO Corp., The Coleman Co., Wichita Clinic, Bank of America and SBC.

However, any listing of the area's largest private employers cannot reveal the large number of small and mid-sized companies providing a wide variety of goods and services to markets around the globe. The 2002 County Business Patterns shows approximately 11,775 business establishments in Sedgwick County with fewer than 100 employees.

Total wage and salary employment in the Wichita metro area increased 0.6 percent for a net gain of 1,800 jobs in 2004. During the past decade, total wage and salary employment grew by 10.7 percent, or an average of 1.1 percent annually. During the past ten years the Wichita metro area added 27,300 net new jobs.



Education and health care services added the most net new jobs in the past decade (7,800) followed by the other services sector (4,100); government sector (3,800); professional and business services sector (3,100); natural resources and construction sector (2,300) and the retail trade sector (1,300).

As of year-end 2004, manufacturing was the largest employment sector (20.6 percent) followed by the government sector (13.6 percent), the education & health services sector (13.6 percent), and the retail trade sector (10.7 percent).

⁶ Source: ACCRA 1st Quarter 2005.

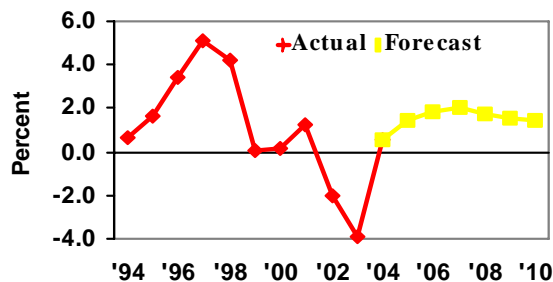
⁷ Source: ACCRA 1st Quarter 2005.



As Wichita's largest industry sector, manufacturing is the only industry that can significantly impact the direction of Wichita's business cycle. The pending sale of Boeing Wichita creates a significant level of concern for the future for many businesses and people in the community. Most impacts on employment and earnings at the plant following a sale will occur starting in the second half of 2005. Jobs losses and wage cuts are expected. The major impact on this year's economy is expected to be the dampening effect the uncertainty surrounding the sale will have on both consumer and business spending, especially for large expenditures such as homes and autos.

On balance Wichita is expected to continue to see overall economic recovery in 2005. However the recovery will be modest and not evenly spread across all industries. Total employment in 2005 is forecasted to increase 1.6 percent for a net gain of 4,400 jobs.

Total Employment Growth Rate Wichita MSA



Source: Ks. Dept. Of Human Resources. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

ECONOMIC INDEXES

There was a slight increase of 0.5 percent in the WSU current conditions index from fourth quarter 2004 to first quarter 2005; yet when comparing the 12 months ending in March 2005 compared to the 12 months ending in March 2004, there was a 4.8 percent increase. The only indicator showing double-digit change either up or down from quarter to quarter was the hotel occupancy rate, which increased 10 percentage points from fourth to first quarter.

For the past seven months the WSU leading economic indicators index has fluctuated within a range of 108 to 109. This indicates a stronger economy than we've experienced since January 1999. From fourth quarter last year to first quarter this year, the index decreased only 0.1 percent. The

indicators showing the largest declines were the value of residential building permits, 25.8 percent, and the value of new orders for aircraft and parts, 20.1 percent. The indicator with the greatest increase from quarter to quarter was the value of non-residential construction permits, with an 86 percent increase. Since the leading index provides a glimpse of the economy six months into the future, it seems to be indicating that we can expect a reasonable amount of stability over the next six months.

In April, the WSU Consumer Expectations Index dropped 7.6 percentage points to 39.7, a significant decline. In May, it regained one percentage point, but still remains at a level lower than any index value since March 2003. In May, respondents were more positive about this being a good time to buy a house than those surveyed in April and were less negative about the local economy as it compares to a year ago. However, respondents are expecting more unemployment over the next six months than the April respondents.

MANUFACTURING

Manufacturing accounted for 21 percent of all wage and salary jobs in the Wichita MSA as of December 2004. Payroll earnings for the industry totaled \$2.926 billion in 2003. The average earnings per job in 2002 were \$50,052. After reaching peak employment in 1998, the manufacturing sector saw 6 years of employment declines. The industry is slated to add more the 1,800 jobs in 2005

Wichita's manufacturing sector, dominated by aircraft, has experienced a severe decline in employment in recent years. The sharp decrease in orders for new airplanes, as a result of both a slowing economy and the after effects of the 9/11 terrorist attacks, led to approximately 15,000 layoffs among Wichita's four OEMs.⁸

After a three-year recession, the two big stories in aviation manufacturing in Wichita are the beginning of callbacks of laid-off workers and the pending sale of Boeing Wichita's commercial operations to Onex Corp., a Toronto, Canada-based company. The sale affects 7,500 Boeing employees. Boeing Co.'s Integrated Defense System operation in Wichita, employing about 3,500 will remain in Wichita and part of Boeing. It announced plans to hire between 400 and 500 people by the end of 2005.

Supporting the callbacks are increased deliveries and rising orders. During 2004, Boeing Commercial Airplanes delivered 285 airplanes, up from 281 during 2003, an increase of 1 percent. The company is forecasting 320 deliveries in 2005, up 12 percent from 2004's 285 deliveries.⁹

⁸ Wichita's four original equipment manufacturers include Boeing Aircraft, Cessna Aircraft, Raytheon Aircraft and Bombardier Learjet. While Airbus Industrie is an OEM, the company does not have any production facilities in Wichita.

⁹ Source: Boeing news release, *Boeing Reports Fourth Quarter Results and Full-Year 2004 Results: Updates Outlook*. A

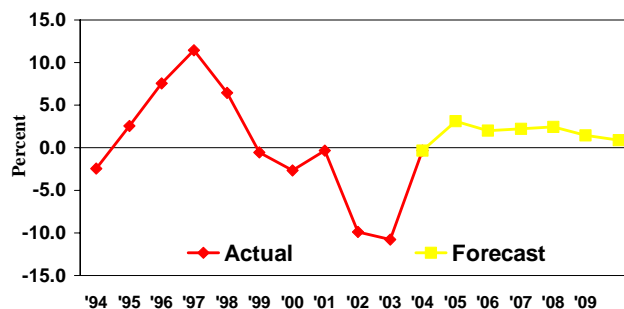


Boeing's board of directors approved marketing efforts of the 7E7. The Wichita plant was awarded the flight deck and forward fuselage sections, while Mitsubishi Heavy Industries in Japan will build the wings. As of third quarter 2004 the company had 52 firm orders for the 7E7.

The General Aviation Manufacturing Association announced that shipments in first quarter 2005 were up 15.7 percent compared to first quarter 2004, while billings for new airplanes rose to \$2.7 billion. Bombardier and Cessna both announced plans for new business jets, the Cessna Citation XLS launched in 2004 and the Global Express SRS to be launched in 2006. Cessna began hiring 400 production and other workers in spring 2004. Raytheon's 2004 orders included its single biggest order of business jets, 58 Hawkers for NetJets. Raytheon continued outsourcing jobs, with some work going to Wichita subcontractors and some to companies outside the United States. Bombardier moved the Challenger 300 final assembly out of Wichita, with a loss of 350 jobs and consolidated its spare parts unit at a cost of 60 jobs.

The CEDBR is forecasting manufacturing employment to increase by 3.1 percent for a net gain of 1,800 jobs. The major risk to this forecast is the pending sale of Wichita's Boeing Commercial Airplanes to Onex. The sale will result in some job losses. At this writing the exact number is not known, but is expected to be in the range of 1,000 jobs.

Manufacturing Employment Growth Rate Wichita MSA



Source: Kansas Dept. of Human Resources. *Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.*

Although Wichita has a strong competitive advantage in the production of aircraft, the overall economy has a healthy diversity. In 2001, the Center for Economic Development and Business Research conducted a study that confirmed this diversity.¹⁰ When compared to 318 metropolitan areas across

the nation, Wichita ranked 144th in terms of diversification, demonstrating an above average economic diversity. The volatility of the Wichita economy proved to be lower than the majority of the study cities by each economic indicator measured.

SERVICES

The performance among the service sectors varied substantially during 2004:

- The information sector lost 500 jobs for a net decrease of 7.6 percent.
- The finance sector lost 400 jobs for a net decrease of 3.2 percent.
- The other services sector gained 400 jobs for a net increase of 3.4 percent.
- The leisure and hospitality sector gained 500 jobs for a net increase of 2 percent.
- The professional and business services sector gained 600 jobs for a net increase of 2.3 percent.
- The education and healthcare services sector gained 700 jobs for a net increase of 1.9 percent.

In 2005 we are forecasting modest growth among service sector employment totaling fewer than 1,300 jobs for a growth rate of 1.1 percent. Services are expected to continue to be a major contributor to job growth over the next 5 years.

As a regional health services center for south central Kansas, Wichita should continue to see growth in the health care sector. With continued population growth, employment growth will continue in the educational services sector. Employment in services sub-sectors, such as call centers and leisure and hospitality, will improve as the area exits out of recession.

CONSTRUCTION

The natural resources and construction industry accounted for 5.7 percent of all wage and salary employment in the Wichita MSA in 2004. After two years of employment losses, the industry saw an employment gain of 200 jobs in 2004. In 2003, total payroll for the industry was \$513.5 million and the average earnings per job totaled \$32,210.

In 2004, the residential construction sector continued its robust growth of the past 3 years, with the value of inflation-adjusted new residential construction permits up 13.6 percent compared to 2003. After a couple of slow years, the new commercial construction sector rebounded in 2004 with the value of inflation-adjusted new non-residential construction permits up 26.8 percent compared to 2003.

complete copy of this release can be found online at http://www.boeing.com/news/releases/2005/q1/nr_050202a.pdf
¹⁰ "Industrial Structure and Economic Volatility of Selected Metropolitan Areas", Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, August, 2001, funded by the City of Wichita, Dept. of Finance.



The CEDBR is forecasting construction employment to increase 0.6 percent in 2005 for a net gain of 100 jobs.

New and existing home sales continued at a brisk pace in 2004, up 5.3 percent from 2003. Even with historically low mortgage rates, refinancing activity has slowed as rates have inched up and the impact of spent-up demand has taken hold.

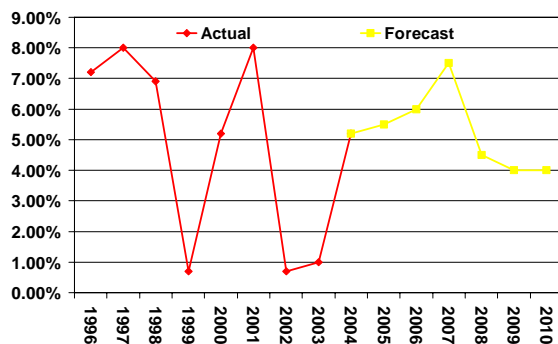
PERSONAL INCOME

In 2003 (the latest year for which data are available as of this printing) Wichita had a total personal income (TPI) of \$17,499,809. This TPI ranked 79th in the United States. In 1993 the TPI of Wichita was \$11,275,429 and ranked 76th in the United States. The 2003 TPI reflected an increase of 1.0 percent from 2002. The 2002-2003 national change was 3.2 percent. The 1993-2003 average annual growth rate of TPI was 5.5 percent. The average annual growth rate for the nation was 6.5 percent.

From 2005 through 2010, total personal income is expected to grow at an average annual rate of 5.5 percent. If inflation remains in the range of 3 percent, growth of real, inflation-adjusted personal income would average 2.5 percent annually for the period 2005-2010.

Personal income is expected to increase 5.5 percent in 2005 and enjoy healthy gains over the next few years as a result of the rebound in aviation manufacturing.

Total Personal Income Wichita MSA



Source: U.S. Dept. of Commerce, BEA. Compilation and forecast by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

In 2003 Wichita had a per capita personal income (PCPI) of \$30,060. This PCPI ranked 118th in the United States and was 96 percent of the national average, \$31,472. The 2003 PCPI reflected an increase of 0.6 percent from 2002. The 2002-2003 national change was 2.2 percent. In 1993 the PCPI of Wichita was \$21,026 and ranked 96th in the United States. The 1993-2003 average annual growth rate of PCPI was 4.3 percent in the Wichita MSA. The average annual growth rate for the nation was 4.7 percent.

Per capita income by county within the metro area ranges from a high of \$30,778 in Sedgwick County to a low of \$24,880 in Sumner County.

RETAIL TRADE AND SALES

While Wichita consumers have continued to spend money on homes throughout the recession, the same is not true for retail spending. Taxable retail sales spending peaked in 1998 at more than \$7.12 billion. After 5 soft years, taxable retail sales finally rebounded to 1998 levels in 2004. Inflation-adjusted retail sales are still lagging well below 1998 levels, however.

Taxable retail sales totaled \$7.285 billion in the Wichita MSA in 2004. Retail sales increased by \$240.9 million or 3.4 percent in 2004 compared to 2003.

Effective July 1, 2005, the local county sales tax will rise from its current 1 percent to 2 percent. The additional 1 percent sales tax will be used to fund a regional events center to be located in downtown Wichita. The additional 1 percent tax is expected to last for 30 months.

After a disappointing Christmas season in 2003 when sales dropped 0.4 percent, fourth quarter 2004 retail sales rebounded strongly, up 5.3 percent from fourth quarter 2003.

Retail sales are projected to increase 5.9 percent in 2005 and then increase at an average annual rate of 2.7 percent during 2006-2010.



| Wichita MSA Taxable Retail Sales | | | |
|--|----------------------------|---------------------------|----------------|
| | Nominal Sales (\$ million) | Level Change (\$ million) | Percent Change |
| 1996 | \$6,383 | \$436 | 7.3% |
| 1997 | \$6,837 | \$454 | 7.1% |
| 1998 | \$7,124 | \$288 | 4.2% |
| 1999 | \$7,114 | (\$11) | -0.2% |
| 2000 | \$6,963 | (\$150) | -2.1% |
| 2001 | \$6,983 | \$19 | 0.3% |
| 2002 | \$7,117 | \$135 | 1.9% |
| 2003 | \$7,044 | (\$73) | -1.0% |
| 2004 | \$7,285 | \$241 | 3.4% |
| 2005 Estimate | \$7,718 | \$433 | 5.9% |
| 2006 Forecast | \$8,047 | \$329 | 4.3% |
| 2007 Forecast | \$8,262 | \$215 | 2.7% |
| 2008 Forecast | \$8,460 | \$199 | 2.4% |
| 2009 Forecast | \$8,645 | \$185 | 2.2% |
| 2010 Forecast | \$8,823 | \$177 | 2.1% |
| Data Source: Data for 1995-2004 are from the Kansas Department of Revenue. Estimates and forecasts for 2005-2010 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University. | | | |

| Wichita MSA Personal Income Forecast | | | |
|--|--------------------------------|--------------|----------------|
| | Personal Income (\$ thousands) | Level Change | Percent Change |
| 1996 | \$13,018,854 | \$871,759 | 7.2% |
| 1997 | \$14,054,287 | \$1,035,433 | 8.0% |
| 1998 | \$15,026,598 | \$972,311 | 6.9% |
| 1999 | \$15,136,727 | \$110,129 | 0.7% |
| 2000 | \$15,918,139 | \$781,412 | 5.2% |
| 2001 | \$17,197,254 | \$1,279,115 | 8.0% |
| 2002 | \$17,321,324 | \$124,070 | 0.7% |
| 2003 | \$17,499,809 | \$178,485 | 1.0% |
| 2004 Estimate | \$18,407,846 | \$908,037 | 5.2% |
| 2005 Forecast | \$19,420,277 | \$1,012,432 | 5.5% |
| 2006 Forecast | \$20,585,494 | \$1,165,217 | 6.0% |
| 2007 Forecast | \$22,129,406 | \$1,543,912 | 7.5% |
| 2008 Forecast | \$23,125,229 | \$995,823 | 4.5% |
| 2009 Forecast | \$24,050,238 | \$925,009 | 4.0% |
| 2010 Forecast | \$25,012,248 | \$962,010 | 4.0% |
| Source: Data for 1992-2003 are from the Bureau of Economic Analysis. Estimates for 2004-2010 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University. | | | |

| Wichita MSA Wage & Salary Employment Forecast | | | |
|--|------------|--------------|----------------|
| | Employment | Level Change | Percent Change |
| 1996 | 268,600 | 8,900 | 3.4% |
| 1997 | 282,200 | 13,600 | 5.1% |
| 1998 | 294,100 | 11,900 | 4.2% |
| 1999 | 294,500 | 400 | 0.1% |
| 2000 | 295,200 | 700 | 0.2% |
| 2001 | 298,600 | 3,400 | 1.2% |
| 2002 | 292,500 | (6,100) | -2.0% |
| 2003 | 281,000 | (11,500) | -3.9% |
| 2004 | 282,800 | 1,800 | 0.6% |
| 2005 Forecast | 286,861 | 4,061 | 1.4% |
| 2006 Forecast | 291,918 | 5,057 | 1.8% |
| 2007 Forecast | 297,679 | 5,761 | 2.0% |
| 2008 Forecast | 302,773 | 5,093 | 1.7% |
| 2009 Forecast | 307,314 | 4,542 | 1.5% |
| 2010 Forecast | 311,532 | 4,218 | 1.4% |
| Source: Data for 1996-2004 are from the Kansas Department of Human Resources, Labor Market Information Services. Forecasts for 2005-2010 were produced by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University. | | | |



BENCHMARKING

Comparing local performance statistics with selected benchmarks is a valuable step in evaluating municipal operations. The City of Wichita uses benchmarking to help provide information internally and externally about the efficient delivery of quality services.

Following is information gathered through three distinct methods of benchmarking. The first uses the data provided by the International City/County Managers' Association (ICMA) Center for Performance Measurement. The second is an internally produced "Peer City Comparison." Finally, the third method is the use of internal measurements to gauge internal improvement or areas of necessary improvement.

ICMA OVERVIEW

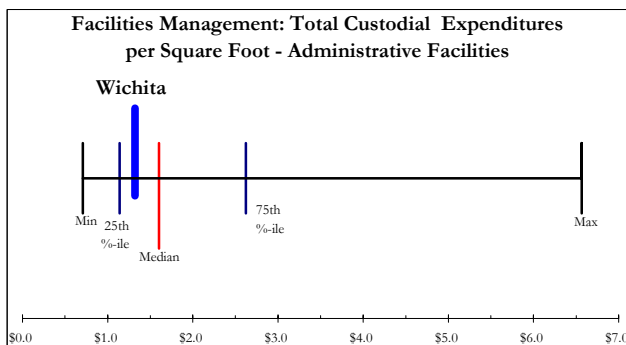
Data from the International City/County Managers' Association (ICMA) Center for Performance Measurement is used to analyze Wichita's performance relative to other localities based on uniform performance data reported annually to the center via program templates (questionnaires).

Currently 84 local governments (including the City of Wichita) are members of the ICMA Center for Performance Measurement. Not all of the participating jurisdictions complete the templates for all program areas, nor do they provide all the data requested in a template. Governments leave items out for any number of reasons but primarily because their data is configured in a way that makes it difficult or impossible to answer some questions on the template.

Median, minimum, maximum, and percentile values represent those jurisdictions responding for the measures shown as part of the ICMA Center for Performance Measurement data collection for FY 2003 (83 participating cities); they do not represent more general statistics for all local governments. For further explanatory information, see the ICMA's Comparative Performance Measurement: FY 2003 Data Report.

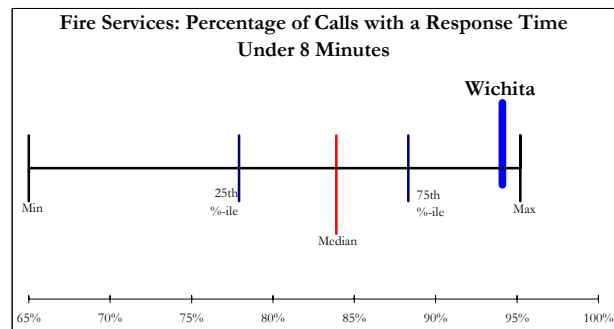
Facilities Maintenance

Wichita provides low maintenance costs for its administrative facilities, with total custodial expenditures per square foot of \$1.32. That is lower than the median of just over \$1.50 and close to the 25th percentile of just over a \$1.



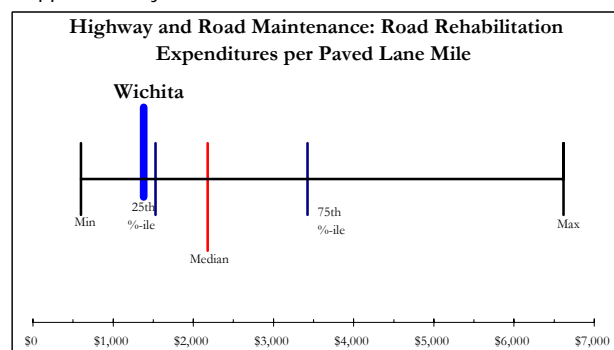
Fire Services

Although Wichita experienced a high number of total residential structure fire incidents per 1,000 population served at 1.3, the Fire Department was able to stay below the median in fire personnel injuries with time lost per 1,000 fire and non-fire incidents at 0.5. The majority of jurisdictions had lower numbers of fire incidents while having higher time lost for personnel. Also, Wichita experienced incredibly fast response times with 94.1% of all calls responded to within eight minutes or under. That is considerably better than the median response of approximately 83%. To note, the City of Wichita was within the top quarter of all participants in fire response times.



Roads

The City of Wichita does an excellent job of keeping rehabilitation expenditures per paved lane mile low (\$1,381 – well below the median of just over \$2,000, and in the top quarter). At the same time the City maintains 79% of paved lane miles in satisfactory or better condition, measured by the Pavement Quality Index (PQI). That is just above the median of approximately 78%.



Housing

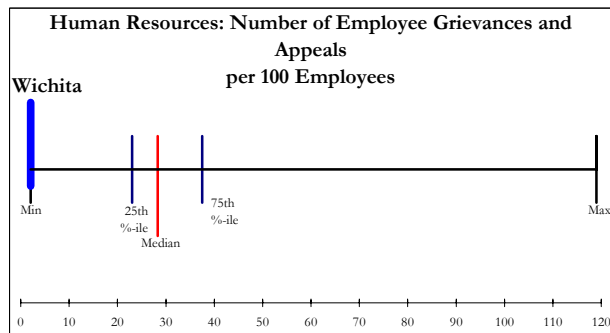
With a low number of units rehabilitated per \$100,000 of total public assistance (5.84), the focus is on a quick turn-around to provide rehabilitated housing. In fact, the average number of calendar days from rehabilitation application to completion of rehabilitation work (150 days) is approximately 20 days fewer than the median.

Human Resources

Although the City of Wichita does not compare well with other jurisdictions for sick leave hours used per 1,000 hours

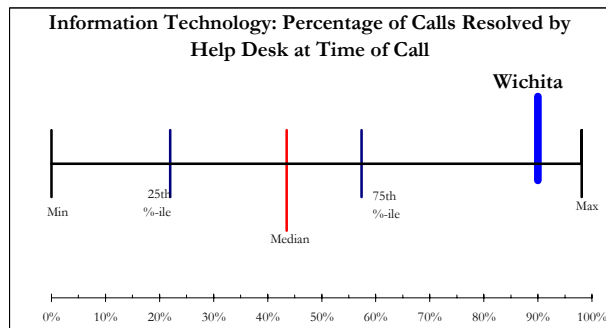


worked (45 hours as compared to the median of just under 30), the City does have excellent relations for employee grievances and appeals. The City, at 2 is well below the median of approximately 28, and is the lowest by far.



Information Technology

With a 95% telephone system problem resolution/repair corrected within 24 hours, and 90% of calls resolved by Help Desk at time of call, the City of Wichita is extremely customer-oriented in its IT services. The telephone problem resolution is well above the 75% median and is in the top quarter of all jurisdictions. The Help Desk also ranks high, it is well above the 44% median resolution and is even well above the 75th percentile of 58%, easily ranking it as one of the top quarter of all jurisdictions.



Libraries

The City of Wichita operates an extremely efficient operation for libraries without the benefit of special taxation or a separate Library revenue source, outside of grants. In comparison, the Library operating and maintenance expenditures per capita are a mere \$16.2 per person (the median is around \$62 per person), while the circulation per registered borrower is 12.46, or just below the median of 13.5.

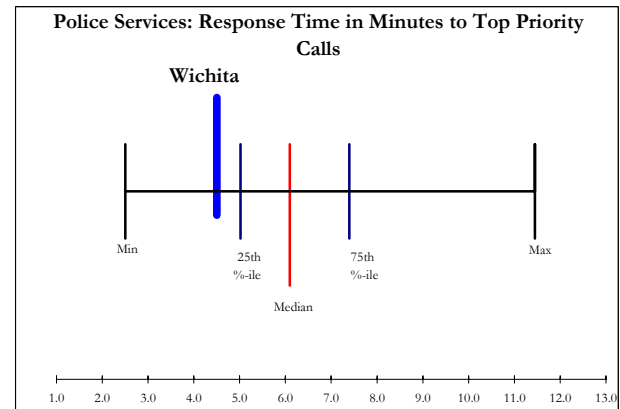
Parks

Looking at net revenues per capita, excluding golf, the City is just above the median, meaning that parks and recreation services cost approximately \$6 less per person compared to other cities.

Police

The City of Wichita Police Department is a very efficient and effective department. Total O&M expenditures charged to the police department, per capita are \$145.28 per person.

Whereas the median is almost \$200 per person, WPD is in the top quarter of all jurisdictions. At the same time, the WPD has a response time to top priority calls of 4.5 minutes, nearly 2 minutes less than the median, and half a minute below the 25th percentile.



PEER-CITY OVERVIEW

Data compiled by staff on the basis of comparable population, form of government, and participation in ICMA Center for Performance Measurement is used to analyze Wichita's performance relative to other comparable jurisdictions based on uniform performance data reported annually. Those cities included in the comparison are: Austin, TX; Colorado Springs, CO; Corpus Christi, TX; Dayton, OH; Des Moines, IA; Kansas City, MO; Las Vegas, NV; Lincoln, NE; Long Beach, CA; Mesa, AZ; Norfolk, VA; Oakland, CA; Oklahoma City, OK; Omaha, NE; Orlando, FL; Portland, OR; Reno, NV; Richmond, VA; Salt Lake City, UT; Tucson, AZ; Tulsa, OK; Virginia Beach, VA; and Westminster, CO.

Using a combination of data collected through ICMA, Census 2000, CEDBR (WSU using Claritas 2003), and data provided directly by the jurisdiction, the following benchmarks were found.

General Characteristics

The 9th largest in square miles of jurisdiction and the 13th most dense population allow Wichita to be the 50th sized city in the nation and ranked 14th largest in the comparison. Wichita does provide for the 4th shortest average one way commute times at 18.1 minutes, 7 minutes shorter than the national average.

| Jurisdiction | Square miles of jurisdiction | Population density | Residential population of jurisdiction | Avg One-Way Commute Time |
|---------------|------------------------------|--------------------|--|--------------------------|
| Wichita | 154.12 | 2,248.28 | 346,505 | 18.1 |
| City Averages | 182.92 | 2,808.34 | 354,051 | 22.0 |
| United States | | | | 25.5 |
| Wichita Rank | 9th largest | 13th most dense | 14th largest | 4th shortest |



With a population that is 2 years younger than the national average, but the 14th oldest in the comparison, Wichita provides for a low cost of living at 95.5, or the 8th lowest and 5% lower than the national average, but also a low per capita income or only \$20,647, or 9th lowest and \$1000 lower than the national average.

| Jurisdiction | Median Age | Overall Cost of Living Index | Per Capita Income |
|---|------------|------------------------------|-------------------|
| Wichita | 33.4 | 95.5 | \$20,647 |
| City Averages | 32.8 | 99.8 | \$20,646 |
| United States | 35.3 | 100 | \$21,587 |
| Wichita Rank 14th oldest 8th lowest 9th lowest | | | |

Wichita has a low median household income of \$33,970, 3rd lowest and \$8,000 below the US average. However, the 11% of individuals below the poverty level show that Wichita is not a poor community, in fact that is the 7th lowest of the comparable cities, and below the national average or 12%.

| Jurisdiction | Median household income | % of individuals below poverty level |
|--|-------------------------|--------------------------------------|
| Wichita | \$33,970 | 11.2% |
| City Averages | \$40,218 | 14.6% |
| United States | \$41,994 | 12.4% |
| Wichita Rank 3rd lowest 7th lowest % | | |

Manufacturing jobs lead to a high unemployment rate or 6.2%, that is the 6th highest rate of the comparable cities and well above the 5.4% national average.

| Jurisdiction | Un-employment rate |
|--------------------------------------|--------------------|
| Wichita | 6.2% |
| City Averages | 5.4% |
| United States | 5.4% |
| Wichita Rank 6th highest rate | |

Government

While Wichita is the 14th largest in population, it is also the 6th lowest in operating expenditures. And even more impressive is that with the 9th fewest number of FTEs jurisdiction wide, the City can also boast that at 8.9 FTEs per 1,000 population it is the 4th most efficient provider of services.

| Jurisdiction | Total general fund operating expenditures | Total number of FTEs jurisdiction-wide | Number of FTEs per 1,000 population |
|--|---|--|-------------------------------------|
| Wichita | \$150.5 | 3,090.8 | 8.9 |
| City Averages | \$267.7 | 4,569.1 | 13.5 |
| United States | | | |
| Wichita Rank 6th lowest 9th fewest 4th lowest | | | |

The average number of FTEs per 1000 population is 13.5, so Wichita, despite being in the top half of population and size, offers its services with 4 less employees per 1000 population. Also note that in a comparison of other entities, 2 of the entities that are lower than Wichita do not include Utilities.

INTERNAL OVERVIEW

The other aspect of benchmarking is by measuring against one's own past achievements and performance. The City of Wichita uses this technique to help determine specific policies and programs that provide benefit to the citizens of our community.

This process is done on an individual department basis and can be found in this document, specifically in the performance sections of each Department Budget pages.

ADDITIONAL INFORMATION

The following maps provide an insight into the past and future of the boundaries of the City of Wichita. The first map provides Growth Periods by decade, showing that the 1910s, 1950s, and 1960s were extremely high growth decades, while as the 1920s and 1970s were lower growth decades. The second map provides a projection and view into the future growth of the City as well as other Urban Growth Areas within Sedgwick County. This map provides a glimpse into several issues that the City will be faced with in the next 25 years.

